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No change to `overweight` stance on utilities sector



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DEMAND GROWTH FORECAST OF 3.5pc

No change to 'overweight' stance on utilities sector

KUALALUMPUR: The utilities sector remains a key beneficiary of Malaysia's data centre roll-out, underpinned by resilient electricity demand growth and long-term recurring income streams.

Kenanga Investment Bank Bhd (Kenanga IB) said it maintained the financial year 2026 demand growth forecast of 3.5 per cent supported by rising commercial load and rapid data centre capacity additions.

"Data centre load utilisation rose to 710 megawatt (MW) in September from 503 MW in June. Up to September, 29 data centre projects with total capacity of 3,800 MW had been completed, including 11 projects (1,900MW) commissioned during the first

nine months of financial year 2025.

"Year to date, eight new electricity supply agreements (ESA) were signed, adding 1,100 MW, bringing the total to 49 ESAs with cumulative capacity of 7,100 MW," it said in a note yesterday.

With a tight timeline to deliver six to eight gigawatts (GW) of new capacity by 2030, outcomes for the Energy Commission's new power generation request for proposals are expected by early this year, Kenanga IB said.

Construction will likely commence end-year, alongside extensions of existing and expiring power purchase agreements.

Kenanga IB maintained an "overweight" call on the utilities



Tenaga Nasional Bhd is Kenanga Investment Bank Bhd's top pick in the utilities sector as the long-term primary beneficiary of the data centre boom. NSTP FILE PIC

sector, with Tenaga Nasional Bhd remaining the top pick as the long-term primary beneficiary of the data centre boom.

Independent power producers

such as Malakoff Corporation Bhd and YTL Power International Bhd stand to benefit from brown-field extensions and greenfield opportunities.

Meanwhile, rising gas demand underpins positive earnings prospects for Petronas Gas Bhd and Gas Malaysia Bhd, it added. **Bernama**